

INCENTIVE PLAN
FOR
START Portal Monitoring Program (SPMP)

(DATE OF APPROVAL)

(Contractor's Name)

APPROVED:

Determining Official
(Title)

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INCENTIVE PLAN

1.0 INTRODUCTION

This incentive plan provides for Award Fee and Award Term incentives and shall serve as the basis for evaluation of the contractor's performance and for presenting an assessment of that performance to the Determining Official (DO) under the START Portal Monitoring Program (SPMP). The plan will describe specific criteria and procedures used to assess the contractor's performance and determine the amount of award fee and award term earned. Actual incentive determinations and the methodology for determining incentives are unilateral decisions made solely at the discretion of the United States Government (USG).

The incentives will be provided to the contractor through contract modifications and will be in addition to the cost type provisions of the contract. The incentives earned will be determined by the DO based upon review of the contractor's performance against the criteria set forth in this plan. The DO may unilaterally change this plan prior to the beginning of an evaluation period. The contractor will be notified of changes to the plan by the Contracting Officer, in writing, before the start of the affected evaluation period. Changes to this plan that are applicable to a current evaluation period will be incorporated by mutual consent of both parties.

2.0 ORGANIZATION

The incentive organization consists of: the DO; an Incentive Review Board (IRB) which consists of a chairperson; the contracting officer; a recorder; other functional representatives; and advisors. The DO and IRB members are shown in the following table:

INCENTIVE ORGANIZATION

Members

Determining Official: Chief, OSS	OSS
Incentive Review Board Members:	
Functional Representatives	
Program Manager/Incentive Review Board Chairperson	OSSM
Contracting Officer's Representative	OSSM
Branch Chief	OSSM
Site Commander	OSSM
Deputy Site Commander	OSSM

Operations Officer
Contracting Officer/Contract Specialist
Security Office Representative
Recorder

OSSM
AMO
SO
OSSM

3.0 RESPONSIBILITIES

- a. **Determining Official:** The DO approves the incentive plan and any significant changes. The DO reviews the recommendation(s) of the IRB, considers all pertinent data, and determines the earned incentive for each evaluation period.
- b. **Incentive Review Board Chairperson:** The Chairperson facilitates the meetings of the IRB and briefs the DO on recommended earned incentives.
- c. **Incentive Review Board:** IRB members review evaluations of the contractor's performance, consider all information from pertinent sources, prepare interim performance reports, and arrive at an earned incentive recommendation to be presented to the DO. The IRB may also recommend changes to this plan.
- d. **IRB Recorder:** The IRB recorder is responsible for coordinating the administrative actions required by the Functional representatives, the IRB and the DO, including: receipt, processing and distribution of evaluation reports from all required sources; 2) scheduling and assisting with internal evaluation milestones, such as briefings; and 3) accomplishing other actions required to ensure the smooth operation of the review process.
- e. **Contracting Officer (CO):** The CO is the liaison between contractor and USG personnel.
- f. **Functional Representatives:** Functional representatives maintain records of the contractor's performance in their assigned evaluation area(s) so that a fair and accurate evaluation is obtained. Prepare interim and end-of-period evaluation reports as directed by the IRB.

4.0 INCENTIVE PROCESS

4.1 GENERAL

- a. **Evaluation Criteria:** If the Contracting Officer does not give specific notice in writing to the contractor of any change to the evaluation criteria prior to the start of a new evaluation period, then the same criteria listed for the preceding period will be used in the subsequent evaluation period. Any changes to evaluation criteria will be made by revising Annex 2 and notifying the contractor.

b. **Interim Evaluation Process:** The IRB Recorder notifies each IRB member and functional representatives and advisors 30 calendar days before the midpoint of the evaluation period. Functional Representatives submit their evaluation reports to the IRB Chairperson 15 calendar days after this notification. The IRB determines the interim evaluation results and the Contracting Officer notifies the contractor of the strength and weaknesses for the current evaluation period. The Contracting Officer may also issue letters at any other time when it is deemed necessary to highlight areas of USG concern.

c. **End-of-Period Evaluations.**

(1) **Contractor's Self-Assessment:** Within 10 days of the end of each evaluation period specified in this plan, the contractor shall submit to the Contracting Officer and Contracting Officer's Representative a written statement of performance during the evaluation period. The written statement shall include at a minimum a summary of costs and significant events during the evaluation period. The contractor's self-assessment may not exceed 10 pages, double-spaced for award fee and 10 pages double-spaced for award term.

(2) **Award Review Board:** Approximately 15 days following the end of each evaluation period, The IRB Chairperson shall convene the IRB. The IRB will consider the contractor's self-assessment as well as information provided by the functional representatives. The IRB will subjectively assign a point score to each of the separate incentive criteria (Annex 2). After adjusting for the weight of each criterion, the aggregate score will then be inserted into the incentive formula to determine the total incentive and total number of points to be recommended by the IRB to the DO (Annex 3). The IRB prepares its evaluation report and recommendation of earned incentive and routes the report with contractor notification letter to the DO. At this time, the IRB may also recommend any significant changes to the incentive plan for DO approval. The signed contractor notification letter along with a copy of the evaluation report is forwarded to the Contracting Officer. Upon receipt of the notification letter, the Contracting Officer will unilaterally modify the contract to incorporate the appropriate award fee or award term.

4.2 AWARD-FEE

a. **Award Fee Period:** The normal award fee period will be six months, ending on the last day of November and May of each year, as specified in Annex 1 to this document. Depending upon the date of contract award the first award fee/term period may be more or less than six months. The last award fee period will be adjusted to coincide with the end of the period of performance.

b. **Available Award-Fee Amount:** The available award fee for each evaluation period is shown in Annex 1. The award fee earned will be paid based on the

contractor's performance during each evaluation period. Any unearned fees shall not be carried forward to subsequent award fee periods.

4.3 AWARD-TERM

a. **Award Term Period:** The award term evaluation period will be consistent with the schedule as specified in Annex 1 of this document. Depending upon the date of contract award the first award term evaluation period may be more or less than two years.

b. **Award Term Scoring:** The pass/fail scoring method will be used to evaluate the contractor's performance as excellent, acceptable, or unacceptable without assigning points. Interim assessments will be performed at the midpoint of the evaluation period (to be performed concurrently with the award fee evaluation) and will provide feedback to the contractor. The interim assessment will be considered in the end of evaluation period decision of whether the contractor's performance was sufficient enough overall to merit an award term. Additional option years of contract performance may be earned if the determining official decides that the contractor's performance was excellent overall.

5.0 INCENTIVE PLAN CHANGE PROCEDURE

All significant changes are approved by the DO; the IRB Chairperson approves other changes. Examples of significant changes include changing evaluation criteria, adjusting weights to redirect contractor's emphasis to areas needing improvement, revising the distribution of the award-fee dollars, and revising conditions of the award-term. The contractor may recommend changes to the Contracting Officer no later than 60 days prior to the beginning of the new evaluation period. After approval, the Contracting Officer shall notify the contractor in writing of any change(s). Unilateral changes may be made to the incentive plan if the contractor is provided written notification by the contracting officer before the start of the upcoming evaluation period. Changes effecting the current evaluation period must be by mutual agreement of both parties.

6.0 CONTRACT TERMINATION

6.1 **Award-Fee:** If the contract is terminated by the USG after the start of an award-fee evaluation period, the award fee deemed earned for that period shall be determined by the DO using the normal award-fee evaluation process. After termination for convenience, the remaining award-fee amounts allocated to all subsequent award-fee evaluation periods cannot be earned by the contractor and, therefore, shall not be paid.

6.2 Award-Term If the contract is terminated by the USG, additional and potential option years earned as a result of the award-term process shall not serve as a basis for claim against the USG.

ANNEX 1 EVALUATION PERIODS

1. Award Fee

The award fee earned by the contractor will be determined at the completion of evaluation periods shown below. The percentage and dollars shown corresponding to each period is the maximum available award-fee amount that can be earned during that particular period.

Evaluation Period	From	To	Available Award Fee *
1	9 Jan 2002	8 Jul 2002	
2	9 Jul 2002	8 Jan 2003	
3	9 Jan 2003	8 Jul 2003	
4	9 Jul 2003	8 Jan 2004	
5	9 Jan 2004	8 Jul 2004	
6	9 Jul 2004	8 Jan 2005	
7	9 Jan 2005	8 Jul 2005	
8	9 Jul 2005	8 Jan 2006	
9	9 Jan 2006	8 Jul 2006	
10	9 Jul 2006	8 Jan 2007	
11	9 Jan 2007	8 Jul 2007	
12	9 Jul 2007	8 Jan 2008	
13	9 Jan 2008	8 Jul 2008	
14	9 Jul 2008	8 Jan 2009	
15	9 Jan 2009	8 Jul 2009	
16	9 Jul 2009	8 Jan 2010	
		Total	

* Will be computed in and expressed in dollars at conclusion of negotiations.

ANNEX 1
EVALUATION PERIODS
(Continued)

2. Award Term

AWARD-TERM ALLOCATION BY EVALUATION PERIODS

The award term earned by the contractor will be determined at the completion of evaluation periods shown below. The available Award Term shown corresponding to each period is the maximum amount that can be earned during that particular period.

Evaluation Period	From	To	Available Award Term
1	9 Jan 2002	8 Jan 2004	1 additional option year
2	9 Jan 2004	8 Jan 2006	1 additional option year
3	9 Jan 2006	8 Jan 2007	1 additional option year
		Total	3 additional option years

a. Evaluation under the award term for additional option years will begin at the start of the contract. Adjustments to the award term will not result in a contract period of greater than eight years from the award of the contract. This plan describes the specific criteria and procedures to be used to assess the contractor's performance and to determine the amount of award are described herein. Actual award term determinations and the methodology for determining the award term are unilateral decisions made solely at the discretion of the USG.

b. Any contract term extensions earned will be reflected in unilateral contract modifications based upon points earned as determined by the DO. The award term earned will be determined by the DO based upon review of the contractor's performance against the criteria set forth in this plan. The DO may unilaterally change this plan prior to the beginning of an evaluation period. Changes to this plan that are applicable to a current evaluation period will be incorporated by mutual consent of both parties

ANNEX 2 EVALUATION CRITERIA

1. AWARD TERM

1.1 Cost Management: The contractor shall manage the overall costs associated with SPMP. The contractor shall be responsible for all aspects of SPMP costs to include planning, estimating, budget, control, reporting, containment and reduction.

UNACCEPTABLE	ACCEPTABLE	EXCELLENT
Cost Control- Contractor fails to meet criteria for Acceptable performance. Unacceptable performance shall not earn award term.	Cost Control - Provides measures for controlling costs. Controls subcontractor cost performance to meet program objectives. Funds and resources are sometimes used inefficiently in pursuing program goals. Occasional minor resource management problems.	Cost Control - Reductions in direct costs to the USG below contract estimated costs are noteworthy. Provides detailed cost analysis recommendations to Program Office for resolution to problems identified. Funds and resources are optimally used to provide the maximum benefit for the funds and resources available. Documented savings are apparent.
	Responsiveness - Financial reporting is accurate. Provides adequate visibility into cost performance to Program Office. Problems and/or trends are usually addressed.	Responsiveness - Financial reporting is clear, accurate, and pro-active. Responsive to cost-control measures implemented by the Program Office. Problems and/or trends are not only addressed thoroughly, but the contractor's recommendations and/or corrective action plans are implemented and are effective.

1.2 Program Management Support: The contractor shall plan, direct, organize, coordinate, and control the definition, development, and procurement of SPMP operations, maintenance and support. The contractor shall manage all aspects of SPMP including functions for business and administrative planning, and management.

UNACCEPTABLE	ACCEPTABLE	EXCELLENT
<p>PM Support - Contractor fails to meet criteria for Acceptable performance. Overall unacceptable performance shall not earn award term.</p>	<p>PM Support - Contractor's performance of contract requirements meets the standard, and it exceeds the standard in a few areas. While the remainder of the contractor's effort meets contract requirements, areas requiring improvement are offset by better performance in other areas. Management actions taken or initiated have resulted in some demonstrated benefits to the USG (i.e., quality, responsiveness, or timeliness). Problems are resolved effectively and to the satisfaction of the USG. The contractor actively participates in improving site operations and system performance. Some of the contractor's processes are documented, maintained and are used to operate, maintain and support the SPMP.</p>	<p>PM Support - Contractor performance of most contract requirements is well above standard with some significant benefits to the USG (i.e., quality, responsiveness, or timeliness). The contractor often demonstrates initiative, motivation, responsiveness, and excellent judgment in meeting program requirements. There are a few areas for improvement, but they are minor. There are few, if any, recurring problems. The contractor aggressively resolves any problems that arise. The contractor uses their knowledge and experience to improve most site operations and system performance. Most of the contractor's processes needed to accomplish the contract requirements are documented, current, and are used to operate, maintain and support the SPMP.</p>

2. AWARD FEE

2.1.1 Rating Factors and Scale: The IRB will rate the contractor on each of the award fee criteria on the following scale. The score will be multiplied by the weight assigned to each criterion.

2.1.2 The numbers listed below are a guide to help evaluators assign values for the evaluation of performance. Evaluators will give a score on the evaluation criteria checklist. The score given by the evaluator will determine the percentage of the total score the Contractor will receive for that item.

EXCELLENT 91-100

Contractor performance of all contract task requirements is well above standard with numerous significant benefits to the USG (i.e., quality, responsiveness, or timeliness). The contractor consistently demonstrates initiative, motivation, responsiveness, and outstanding judgment in meeting program requirements. The Contractor takes measures to prevent and minimize recurring problems. There are few, if any, areas for improvement; problem areas are minor and do not hamper or impact mission success. The contractor continuously uses their knowledge and experience to improve site operations and system performance with demonstrated benefits. Nearly all of the contractor's processes needed to accomplish the contract requirements are well documented, current, and are consistently used to operate, maintain and support the SPMP.

ACCEPTABLE 75-90

Contractor's performance of contract task requirements meets the standard, and it exceeds the standard in a few areas. While the remainder of the contractor's effort meets contract requirements, areas requiring improvement are offset by better performance in other areas. Management actions taken or initiated have resulted in some demonstrated benefits to the USG (i.e., quality, responsiveness, or timeliness). Problems are resolved effectively. The contractor actively participates in improving site operations and system performance. Some of the contractor's processes are documented, maintained and are used to operate, maintain and support the SPMP.

UNACCEPTABLE Below 74

Contractor fails to meet criteria for acceptable performance. Although there are areas of average or better performance, these are more, or less offset by lower rated performance in other areas. Little additional benefit is observable due to contractor effort or initiative. Overall unacceptable performance shall not be given award fee. Contractor performance is inconsistent. Quality, responsiveness, timeliness in many areas require attention and action. Corrective actions have not been taken or are ineffective.

2.2 AWARD FEE EVALUATION ELEMENTS

2.2.1 Operational Support

First Award Fee Period	30%
All Other Award Fee Periods	35%

2.2.1.1 Contractor personnel are responsible for knowledge, maintenance, and adherence to applicable USG policies and procedures as appropriate. This includes pre-rotation functions and Point of Entry processing.

2.2.1.2 The contractor provides maintenance and support services to contractor maintained facilities and equipment to maximize the readiness while minimizing operational impacts.

2.2.1.3 The contractor controls the procurement, storage, usage, and disposal of food and medicinal consumables and all other on-site supplies and consumables to maintain stock on site at all times, to include emergency reserves, and takes measures to minimize the expiration of perishables.

2.2.1.4 The Site Management places appropriate emphasis on all aspects of site operations and communicates/coordinates with the USG, as appropriate, on all matters relating to site operations.

2.2.1.5 The contractor manages, directs, and controls all technical effort in support of the SPMP.

2.2.1.6 The contractor supports DTRA in technical discussion with the arms control community and the Russians.

2.2.1.7 The contractor maintains software and hardware needed to operate and support computer systems.

2.2.1.8 The contractor maintains a security program to ensure protection of U.S. classified and sensitive unclassified information, and complies with all security requirements of the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220.22-M) and with the provisions of the DD Form 254, Contract Security Classification Specification.

2.2.2 Human Resources Management

First Award Fee Period	10%
All Other Award Fee Periods	10%

2.2.2.1 The contractor recruits, screens, interviews, processes and hires the required number of qualified, motivated, and adaptable personnel, in a timely manner, who meet the job requirements in their area of expertise to operate, maintain and manage the SPMP with minimal program interruptions due to personnel transitions.

2.2.2.2 Contractor personnel will perform professionally and in a manner consistent with diplomatic representatives of the United States.

2.2.3 Logistics

First Award Fee Period	30%
All Other Award Fee Periods	30%

2.2.3.1 The contractor adheres to the Integrated Logistics Support Program (ILSP) to attain and retain required SPMP performance characteristics and capabilities. The contractor forecasts logistics requirements to support SPMP Operations, Maintenance, and Support functions to include Information Technology (IT) hardware and software.

2.2.3.2 The contractor maintains SPMP supply support, consisting of the procedures and techniques used to determine site requirements and to acquire, catalog, receive, store, transfer, issue and dispose of items needed for SPMP.

2.2.3.3 The contractor ensures all system, equipment, and support items are packaged, handled, stored, and transported properly (including tracking and controlling the flow of equipment and supplies to and from the site) in accordance with the SOW, Treaty provisions, and environmental laws. The contractor maintains an on-site record containing all required information for any technical data transferred to the Russians.

2.2.3.4 The contractor reports any damage during transport to the Senior USG Representative on-site and the Contracting Officer and takes immediate action to correct (i.e., repair/replace) the discrepancy.

2.2.3.5 The contractor maintains, controls and protects all USG furnished fixed and real property.

2.2.3.6 The contractor develops, implements and maintains a training program to provide for operational readiness for both USG and contractor personnel. Training shall also provide for language proficiency of linguists

2.2.4 Financial Control and Analysis

First Award Fee Period	20%
All Other Award Fee Periods	25%

2.2.4.1 The contractor uses the Cost/Schedule Status Reporting system to evaluate cost performance and take corrective actions. Program costs are controlled to keep within the contract estimated cost.

2.2.4.2 The contractor accurately prepares and delivers all deliverables in accordance with the data requirements.

2.2.4.3 The contractor continually reviews the status of the contract, and submits detailed change proposals and engineering change proposals, with substantiating backup, for consideration by the USG, as appropriate or as requested by the USG.

2.2.5 Transition

First Award Fee Period	10%
All Other Award Fee Periods	N/A

2.2.5.1 The contractor effectively communicates with USG and the impact of transition is minimal to the USG.

2.2.5.2 USG facilities, equipment and property are transferred efficiently and with minimum impact to the USG.

(Note: Transition will only be used as an evaluation element for Award Fee Period 1.)

ANNEX 3 EVALUATION WORKSHEETS

Evaluation Worksheet

	Award Fee	All Other Award Fee			Weighted
<u>Evaluation Element</u>	<u>Period 1</u>	<u>Periods</u>	<u>Rating</u>		<u>Rating</u>
Operational Support	30%	35%	x	_____	= _____
Human Resources Management	10%	10%	x	_____	= _____
Logistics	30%	30%	x	_____	= _____
Financial Control and Analysis	20%	25%	x	_____	= _____
Transition *	10%	N/A	x	_____	= _____
	100%	100%			
Total Award Fee					_____

*Transition will only be used as an evaluation element for the first Award Fee Period.

ANNEX 3 **EVALUATION WORKSHEETS** (continued)

SAMPLE EVALUATION WORKSHEET

Evaluation Element	Award Fee Period 1	All Other Award Fee Periods		Rating	Total
Operational Support	30%	35%	x	92 =	32.2%
Human Resources Management	10%	10%	x	85 =	8.5%
Logistics	30%	30%	x	90 =	27.0%
Financial Control and Analysis	20%	25%	x	90 =	22.5%
Transition *	10%	N/A	x	=	
Total	100%	100%			
Total Award Fee					90.2%

*Transition will only be used as an evaluation element for the first Award Fee Period.